

Message Text

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SUBJ: GULF OF SUEZ WASHINGTON DISCUSSIONS: PRESS REACTION

REF: STATE 231698

1. LOCAL PRESS HAS GIVEN PROMINENT COVERAGE TO THE WASHINGTON DISCUSSIONS ON DRILLING IN THE GULF OF SUEZ, IN MOST CASES GOING BEYOND GUIDANCE OFFERED BY GOVERNMENT STATEMENTS. THE GOVERNMENT PRESS OFFICE ISSUED THE FOLLOWING BULLETIN DATED SEP 18:

2. BEGIN TEXT: ON SEPT 16 AND 17 UNDER SECRETARY PHILIP HABIB AND ASSISTANT SECRETARY ALFRED ATHERTON HELD TALKS WITH AMB DINITZ AND DEPUTY DIRECTOR GENERAL EPHRAIM EVRON OF THE ISRAELI MINISTRY OF FOREIGN AFFAIRS ON QUESTIONS RELATING TO THE ACTIVITIES OF THE AMERICAN OIL COMPANY IN THE GULF OF SUEZ. THE EXCHANGE OF INFORMATION WAS USEFUL, CLARIFYING THE SITUATION, AND EXCHANGES ON THE SUBJECT WILL CONTINUE THROUGH DIPLOMATIC CHANNELS. END TEXT.

3. THE COMMUNIQUE ISSUED AFTER THE WEEKLY CABINET MEETING ON SEPT 19 INCLUDED AS ITS FIRST ITEM THE FOLLOWING REPORT OF THE CABINET'S DISCUSSIONS ON THIS SUBJECT:
BEGIN TEXT: THE DEPUTY PRIME MINISTER AND MINISTER OF FOREIGN AFFAIRS REPORTED ON THE TALKS WITH U.S. GOVERNMENT REPRESENTATIVES ON THE SUBJECT OF (OIL) DRILLING BY AN AMERICAN FIRM EAST OF THE
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MEDIAN LINE IN THE GULF OF SUEZ. AS REPORTED IN A JOINT COMMUNIQUE

BY BOTH DELEGATIONS, IT WAS RESOLVED TO CONTINUE TALKS ON THIS ISSUE VIA REGULAR DIPLOMATIC CHANNELS.

4. THE FOREIGN MINISTER AND THE PRIME MINISTER REFUTED REPORTS T SUGGESTING THAT THIS ISSUE CONSTITUTED A DIPLOMATIC CRISIS BETWEEN ISRAEL AND THE U.S. ADMITTEDLY NOT ALL DIFFERENCES OF OPINION HAD BEEN SMOOTHED, BUT U.S. CONSENT HAD BEEN SECURED THAT NO DRILLING WOULD BE CARRIED OUT EAST OF THE MEDIAN LINE BEFORE TERMINATION OF CONTINUATION OF THE DIALOGUE BETWEEN ISRAEL AND THE U.S. IT WAS ALSO AGREED THAT CONTINUATION OF THE DIALOGUE COULD BE CONDUCTED CALMLY, WITHOUT HASTE, AND WITHOUT THE NEED TO CONCLUDE IT IN THE CURRENT MONTH. THE CABINET APPROVED WITHOUT OPPOSITION CONTINUATION OF THE LINE PURSUED BY ISRAEL TO DATE ON THIS ISSUE. END TEXT.

5. IN AN ARTICLE IN THE SEPT 19 JERUSALEM POST HEADLINED "SUEZ OIL TALKS FAILED BUT 'CRISIS AVERTED,'" DAVID LANDAU WRITES THAT THE ISRAELI GOVERNMENT'S OPTIMISTIC PREDICTION THAT THE PROBLEM WOULD BE SETTLED HAD NOT BEEN BORNE OUT. HE REVIEWED THE HISTORY OF THE DISPUTE SINCE THE SIX DAY WAR AND SAID IT HAD RECENTLY TURNED VIOLENT WHEN ISRAELI PATROL BOATS FIRED AT BUOYS. HE EMPHASIZED THAT THE URGENCY OF THE CURRENT SITUATION WAS FALSE AND CITED A SOURCE IN JERUSALEM WHO SAID THAT AMOCO HAD CRIED WOLF. THIS THEME IS REINFORCED IN THE ARTICLE BY COMMENTS FROM THE PAPER'S WASHINGTON CORRESPONDENT WHO SAID THAT "RESPONSIBILITY FOR THE FAILURE WAS PLACED BY DIPLOMATIC SOURCES IN WASHINGTON ON AMOCO. THEY ASSERTED THAT THE OIL COMPANY REFUSED TO AGREE TO AN ARRANGEMENT THAT WOULD ALLOW DRILLING IN THE DISPUTED AREA ONLY, AND INSISTED THAT IT HAD RIGHTS IN OTHER PARTS OF THE SUEZ GULF ADJACENT TO THE SINAI COAST. ISRAEL IS CONDUCTING TRIAL DRILLINGS IN THOSE AREAS WITH A DIFFERENT AMERICAN FIRM. THE SOURCES CLAIMED THAT AMOCO HAD REACHED AN AGREEMENT WITH EGYPT TO EXTEND THE PERIOD OF THEIR CONCESSION--DUE TO LAPSE ON TUESDAY--BUT HAD DECLINED TO ANNOUNCE IT PUBLICLY".

6. AN ARTICLE IN THE SEPT 20 POST BY ASHER WALLFISH AND DAVID LANDAU CONTINUED THE DISCUSSION OF THE SUBJECT, DRAWING ON THE CABINET'S DISCUSSION ON SEPT 19. ACCORDING TO THOSE AUTHORS RABIN AND ALLON WERE PLEASED THAT THE IMMEDIATE LIMITED OFFICIAL USE

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CRISIS HAS BEEN DEFUSED AND THAT THE DISCUSSIONS COULD CONTINUE AT A MORE RELAXED PACE. "THEY WERE PARTICULARLY PLEASED TO REPORT THAT NO FURTHER ATTEMPTS WOULD BE MADE TO DRILL ON THE 'ISRAELI SIDE' OF THE GULF WITHOUT ISRAEL'S CONSENT. AMERICAN'S PLEDGE TO THIS EFFECT WAS A FAR CRY, THEY NOTED, FROM ITS POSITION ON AUGUST 16, WHICH HAD BEEN 'WE'RE NOT ASKING YOU--WE'RE TELLING YOU.'"

7. THE ARTICLE GOES ON TO REPORT A DISAGREEMENT BETWEEN RABIN AND DEFENSE MINISTER PERES ON THIS SUBJECT. THEY SAY THAT PERES DISAGREED WITH RABIN AND ALLON AND ARGUED THAT ISRAEL SHOULD BE TALKING WITH EGYPT NOT WITH THE U.S. THIS ARGUMENT REPORTEDLY LED TO LOUD EXCHANGES BETWEEN PERES AND THE PRIME MINISTER WITH THE LATTER CHALLENGING PERES TO SUBMIT HIS IDEAS FOR A FORMAL CABINET VOTE. PERES DECLINED TO DO THIS SAYING THAT IT WAS TOO LATE SINCE TALKS HAD ALREADY BEEN STARTED WITH WASHINGTON AND HAD BEEN BROKEN OFF FOR THE TIME BEING.

8. OTHER PAPERS REPORT IN SIMILAR VEIN AN EXCEPTION BEING HAARETZ WHICH HAS AN ARTICLE BY MATTY GOLAN STATING THAT THE CABINET AGREED THAT THIS ISSUE WOULD NOT BE DISCUSSED IN THE CONVERSATIONS NEXT MONTH BETWEEN THE SECRETARY AND ALLON. GOLAN SAYS THAT IT WAS AGREED THAT A SETTLEMENT OF THIS COMPLEX ISSUE IS NOT POSSIBLE AND FAILURE TO RESOLVE IT AT THAT LEVEL WOULD BE A SERIOUS MATTER AND THAT IT WAS BETTER THEREFORE NOT TO DISCUSS THE SUBJECT AT ALL.

9. COMMENT: PRESS PLAY SCARCELY CONFORMS WITH DINITZ'S ASSURANCES TO ASSISTANT SECRETARY ATHERTON. HOWEVER, SUBJECT WAS A MAJOR AGENDA ITEM AT SUNDAY'S REGULAR CABINET SESSION AND THAT CABINET IS NOTORIOUS SOURCE OF LEAKS. TOON

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